

CHAPTER NO. 586

SENATE BILL NO. 922

By Miller

Substituted for: House Bill No. 1133

By Gunnels, Kerr

AN ACT To amend Tennessee Code Annotated, Title 6, Chapter 51, relative to the reasonable compensation to be paid for the taking or annexation of property or facilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:


SECTION 1. Tennessee Code Annotated, Section 6-51-111, is amended by adding the following as a new, appropriately designated subsection:

() If at the time of annexation, the annexed territory is being provided with electric service by a municipal electric system or other state instrumentality, the annexing municipality shall, by delivering written notice of its election to the municipal electric system or other state instrumentality, have the right to purchase all or any part of the electric distribution system of the municipal electric system or other state instrumentality then providing electric service to the area being annexed that the annexing municipality has elected to serve under this section. The purchase price shall be the fair market value of the properties comprising the electric system, or part thereof, that is being acquired and payment of such purchase price shall be on terms agreed to by the parties. In the event the parties cannot agree on a purchase price, the acquiring municipality and the municipal electric system or other state instrumentality whose properties are being acquired shall each select a qualified appraiser and the fair market value of the properties being acquired shall be determined using the Uniform Standards of Professional Appraisal Practice and agreed upon by the two qualified appraisers who are selected. In the event the two qualified appraisers are unable to agree on the fair market value of the properties being acquired, they shall jointly select a third qualified appraiser whose determination of the fair market value of the properties being acquired shall be based on the aforesaid standards and shall control. For the purpose of this subsection, the term "qualified appraiser" shall mean any individual having demonstrated experience in the appraisal of utility properties who has been certified by a nationally recognized appraisal or assessment association that is a member of The Appraisal Foundation. This subsection shall be the sole means to resolve a disagreement between the parties as to the purchase price paid by an annexing municipality to a municipal electric system or other state instrumentality for facilities acquired by the annexing municipality, but any issues other than price not agreed to by the parties shall be determined in accordance with subsection (b). In the absence of an agreement between the parties, the sole means by which an annexing municipality can acquire the facilities of a municipal electric system or other state instrumentality located in the annexed territory is by purchase at a price determined pursuant to this subsection.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: March 2, 1998


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 11th day of March 1998


DON SUNDQUIST, GOVERNOR